

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	15452	Agenda Number	27.
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Meeting Date:	6/28/2012	Department:	Economic Growth and Redevelopment
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Subject

Approve an ordinance amending the Fiscal Year 2011-2012 Economic Growth and Redevelopment Services Office Operating Budget Special Revenue Fund (Ordinance 2011912-005) to create the Section 108 Family Business Loan Program Fund, to receive revenue in the amount of \$3,000,000 from the U.S. Department of Housing and Urban Development Section 108 and appropriate \$3,000,000 to fund the Family Business Loan Program.

Amount and Source of Funding

Funding in the amount of \$3,000,000 is available in loan funds guaranteed by HUD's Section 108 Loan Guarantee Assistance program.

Fiscal Note

A fiscal note is attached.

Purchasing Language:	
Prior Council Action:	July 24, 2008: Council authorized negotiation and execution of a \$3 million Housing and Urban Development loan guarantee.
For More Information:	Kevin Johns, Director / EGRSO / 974-7802
Boards and Commission Action:	
MBE / WBE:	
Related Items:	15453

Additional Backup Information

The U.S. Department of Housing and Urban Development (HUD) provides loan guarantees to local governments for economic development purposes under Section 108 of Title I of the Housing and Community Development Act of 1974, as amended. HUD approved a \$3,000,000 Section 108 loan guarantee for the City of Austin to fund the Neighborhood Commercial Management Program. This Council action will amend the Fiscal Year 2011-12 budget to reallocate these funds to the Family Business Loan Program (FBLP).

The FBLP will be a public-private loan program that enables Austin small businesses to finance business expansions that create jobs. Under the program guidelines approved by HUD, the FBLP will make low-interest fixed asset and working capital loans to qualified Austin small business owners who are ready to expand their business and create jobs.

The FBLP funds a portion of the small business owner's expansion project. The City will partner with local U.S. Small Business Administration Section 504 certified community lenders and local private bank members of the Federal Home Loan Bank to fund each project. The \$3 million reallocated by this action will thus provide borrowers with access to additional funds from other private and public sources.

The FBLP provides a means for revitalizing disadvantaged areas and creating jobs for chronically unemployed or under-employed populations. Borrowers are required to create at least one full-time job for every \$35,000 in loan funds borrowed, and per HUD regulations 51% of jobs created must be offered to Austin citizens deemed low to moderate income. The \$3 million reallocated through this request will create approximately 86 new full-time jobs.